

# annual report 1967

Atlantic Sugar Refineries Co. Limited



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## directors

Brig. Gen. Maurice Archer, M.B.E., E.D., *Montreal*

Arthur P. Beaulieu, F.C.I.S., *Montreal*

Ralph P. Bell, O.B.E., D.C.L., *Halifax (retired March 1968)*

R. O. Bull, *Sidney, British Columbia*

J. H. Gairdner, *Toronto*

James S. Gairdner, *Toronto*

Hon. Salter A. Hayden, Q.C., LL.D., *Toronto*

L. E. Labrosse, *Montreal*

W. A. Montgomery, *Toronto*

Hon. J. Leonard O'Brien, LL.D., D.C.L., Ph.D., K. of St.J., K.G.C.M., *Nelson-Miramichi, N. B.*

W. J. R. Paton, *Montreal*

B. H. Rieger, *Toronto*

## officers

James S. Gairdner, *Chairman of the Board*

B. H. Rieger, *Vice-Chairman of the Board*

W. J. R. Paton, *President and General Manager*

Hon. Salter A. Hayden, Q.C., *Vice-President*

A. P. Beaulieu, F.C.I.S., *Vice-President, Administration and Secretary*

G. F. Hayden, Q.C., *Assistant Secretary*

L. E. Labrosse, *Treasurer-Comptroller*

E. V. Burgess, *Vice-President, Marketing,*

J. B. Eldridge, *Vice-President, Production*



# Atlantic Sugar Refineries Co. Limited

## annual report 1967

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| financial highlights                                     | 1967         |
|--|--------------|
| Operating Profit . . . . .                               | \$ 9,354,796 |
| Federal and Provincial Income Taxes . . . . .            | 2,135,000    |
| Net Earnings . . . . .                                   | 6,652,995    |
| Earnings per Common Share . . . . .                      | 1.14         |
| Total Dividends Declared . . . . .                       | 3,210,000    |
| Retained Earnings . . . . .                              | 31,025,271   |
| Capital Expenditures . . . . .                           | 5,774,463    |
| Funded Debt . . . . .                                    | 22,750,438   |
| Current Assets . . . . .                                 | 20,340,200   |
| Current Liabilities . . . . .                            | 19,078,021   |
| Working Capital . . . . .                                | 1,262,179    |
| Ratio of Current Assets to Current Liabilities . . . . . | 1.1 to 1     |

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## The President's Letter

It is my pleasure to submit herewith the Financial Statement of your Company and its subsidiaries for the fiscal year ended December 31, 1967 together with the auditors' report thereon.

### FINANCIAL

The total earnings, after depreciation and income taxes, were \$6,652,995 which, after allowance for Preference Share and Class "A" Share dividends amounts to \$1.14 per Common Share. These gratifying results, an all-time high, and ten percent (10%) over last year's record per share earnings, stemmed from sugar operations. Our subsidiaries were not fully operational even at year end; consequently their results are not included in the 1967 Statement of Earnings. Pre-operating expenses have either been capitalized or written off against capital surplus in these Companies. At year end working capital had declined to the extent your Directors initiated required action to replenish. At time of writing this letter we have completed the raising of approximately \$5,400,000 by way of issuance of units consisting of Preference shares, Class "A" shares and warrants to purchase Common Shares.

A copy of the prospectus will be mailed to any shareholder requesting same by written notice to the Secretary of the Company.

Approximately \$4,000,000 additional capital will be raised and secured by mortgages on fishing vessels.

### SUGAR

During 1967 the world price for raw sugar increased some 60%— from \$1.79 to \$2.90 (Canadian equivalent) per 100 lbs. We were well bought and benefited from the anticipated rise. The Saint John Refinery continues to operate efficiently. In late August we concluded a new labour agreement expiring August 1969. Our sales order book is satisfactory and we are budgeting for record sales volume in 1968. It is always difficult to forecast earnings— because of the volatility of world sugar prices. Nevertheless we are confident that gross earnings from sugar will be at least as great in 1968— as in the year previous.

### TUNA

Because of undue delays in ship deliveries, the plant at St. Andrews operated on a part-time basis only during 1967. Our own ships are now on the fishing grounds and will very soon be supplying all our requirements. Initial production has been of the highest quality. We have instituted a major advertising program to acquaint the Canadian housewife with our brands. 1968 advertising and sales promotion costs will be

high in relation to sales, in order to establish a continuing market for this fine product.

### GROUND FISH

Delays in trawler deliveries and shortage of personnel meant a part time operation only at Marystown during 1967. Staff is slowly building up numerically and acquiring the necessary skills. During 1968 we expect the full fleet in operation, better qualified staff, and slightly improved product prices.

### PULP

In September 1967 the Company increased its holdings in Acadia Pulp and Paper Ltd. (formerly South Nelson Forest Products Corp.) to approximately 98%. Two production lines are now operating and a third line will be ready in 1968. When the third line has been completed, mill capacity will be approximately 140,000 tons per year of unbleached flash dried mechanical groundwood pulp. Unfortunately throughout the Industry, demand and consequently prices are both disappointing.

We are actively pursuing all avenues open to us to improve our position, with emphasis on plans for news-print production.

### OFFICERS AND DIRECTORS

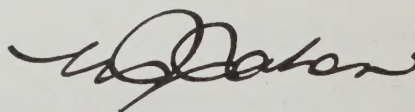
Due to health Dr. J. A. Gairdner and Mr. A. G. Walwyn retired as Directors. Dr. Gairdner also resigned as Chairman. Mr. J. S. Gairdner was elected Chairman at the November 30th Directors' meeting. Mr. John D. Park resigned from the office of Assistant to the Chairman and from the Board of Directors.

The Board of Directors gratefully records the leadership given by Dr. Gairdner during his many years of office. His wise counsel remains available to us, as a consultant.

Since year end Dr. R. P. Bell resigned from the Board of Directors due to health. Dr. Bell has given valuable advice and leadership to the Company over a lengthy period and his resignation is recorded with regret.

### GENERAL

Once again we are deeply appreciative of the loyalty and co-operation of our employees.



President

March 22, 1968.

# Comparative Key Data for the Past Ten Years

## Earnings Before Income Taxes

See Note 1

|                |              |
|----------------|--------------|
| 1958 . . . . . | \$ 3,161,358 |
| 1959 . . . . . | 2,199,380    |
| 1960 . . . . . | 4,435,625    |
| 1961 . . . . . | 4,917,989    |
| 1962 . . . . . | 5,873,583    |
| 1963 . . . . . | 6,256,825    |
| 1964 . . . . . | 5,312,145    |
| 1965 . . . . . | 8,319,391    |
| 1966 . . . . . | 7,305,907    |
| 1967 . . . . . | 8,787,995    |

## Retained Earnings

|                |              |
|----------------|--------------|
| 1958 . . . . . | \$13,993,431 |
| 1959 . . . . . | 14,242,811   |
| 1960 . . . . . | 15,597,436   |
| 1961 . . . . . | 16,689,425   |
| 1962 . . . . . | 17,908,008   |
| 1963 . . . . . | 19,484,833   |
| 1964 . . . . . | 20,791,978   |
| 1965 . . . . . | 23,336,369   |
| 1966 . . . . . | 26,547,276   |
| 1967 . . . . . | 31,025,271   |

## Earnings Per Common Share

See Notes 1, 2 & 3

|                |        |
|----------------|--------|
| 1958 . . . . . | \$ .23 |
| 1959 . . . . . | .11    |
| 1960 . . . . . | .32    |
| 1961 . . . . . | .37    |
| 1962 . . . . . | .48    |
| 1963 . . . . . | .56    |
| 1964 . . . . . | .58    |
| 1965 . . . . . | .91    |
| 1966 . . . . . | 1.04   |
| 1967 . . . . . | 1.14   |

## Capital Expenditures

|                      |            |
|----------------------|------------|
| 1958 . . . . .       | \$ 823,128 |
| 1959 . . . . .       | 189,355    |
| 1960 . . . . .       | 521,283    |
| 1961 . . . . .       | 2,107,225  |
| 1962 . . . . .       | 3,741,498  |
| 1963 . . . . .       | 1,951,818  |
| 1964 . . . . .       | 229,462    |
| 1965 . . . . .       | 5,998,601  |
| 1966 . . . . .       | 6,711,460  |
| 1967 . . . . . (net) | 5,774,463  |

## Total Dividends Declared

|                |            |
|----------------|------------|
| 1958 . . . . . | \$ 810,000 |
| 1959 . . . . . | 870,000    |
| 1960 . . . . . | 870,000    |
| 1961 . . . . . | 1,410,000  |
| 1962 . . . . . | 1,860,000  |
| 1963 . . . . . | 1,950,000  |
| 1964 . . . . . | 2,310,000  |
| 1965 . . . . . | 2,400,000  |
| 1966 . . . . . | 2,940,000  |
| 1967 . . . . . | 3,210,000  |

## Working Capital

See Note 4

|                |              |
|----------------|--------------|
| 1958 . . . . . | \$ 9,014,645 |
| 1959 . . . . . | 9,436,985    |
| 1960 . . . . . | 10,691,310   |
| 1961 . . . . . | 10,962,097   |
| 1962 . . . . . | 9,535,025    |
| 1963 . . . . . | 10,382,857   |
| 1964 . . . . . | 12,000,937   |
| 1965 . . . . . | 20,339,699   |
| 1966 . . . . . | 9,063,903    |
| 1967 . . . . . | 1,262,179    |

### NOTES:

1. Includes gains on sales of investments and land and on redemption of bonds but not transfers from reserves. No adjustment made for excess depreciation taken in 1962 and 1963.
2. Provisions for deferred income tax for the years 1962, 1963 and 1964 have been excluded for purposes of consistency.
3. Adjusted for stock-splits.
4. Figures for 1966 have been re-calculated on a consolidated basis to be consistent with 1967.



# Atlantic Sugar Refineries Co. Limited and subsidiaries

## consolidated balance sheet as at December 31, 1967

### assets

#### CURRENT ASSETS

|  |                |              |
|--|----------------|--------------|
| Cash . . . . .   | \$ 859,524     |              |
| Marketable investments— at cost (market value \$4,750,000) . . . . . | 5,704,495      |              |
| Accounts receivable— trade . . . . .                                 | 5,317,751      |              |
| — government grant . . . . .   | 975,780        |              |
| Inventories— at the lower of cost or net realizable value . . . . .  | 7,066,414      |              |
| Prepaid expenses . . . . .   | <u>416,236</u> | \$20,340,200 |

|                                     |  |           |
|-------------------------------------|--|-----------|
| NOTES RECEIVABLE (note 3) . . . . . |  | 1,074,586 |
|-------------------------------------|--|-----------|

#### FIXED ASSETS (note 4)

|  |                  |            |
|--|------------------|------------|
| Land, timber limits, buildings, wharves, plant and equipment,<br>furniture, fixtures and ships . . . . . | \$75,349,295     |            |
| Accumulated depreciation and depletion . . . . .   | <u>8,772,285</u> | 66,577,010 |

|   |  |           |
|---|--|-----------|
| DEFERRED PREOPERATING AND START-UP EXPENSES (Note 5). . . . . |  | 3,614,013 |
|---|--|-----------|

SIGNED ON BEHALF OF THE BOARD

W. J. R. PATON, Director

SALTER A. HAYDEN, Director

\$91,605,809

## liabilities

### CURRENT LIABILITIES

|  |                |              |
|--|----------------|--------------|
| Bank advances (note 6) . . . . .                       | \$ 8,409,475   |              |
| Short-term notes payable . . . . .                     | 2,367,870      |              |
| Accounts payable and accrued liabilities . . . . .     | 5,180,552      |              |
| Dividend on Class A shares payable January 2 . . . . . | 90,000         |              |
| Dividend on common shares payable January 2 . . . . .  | 675,000        |              |
| Income taxes payable (note 7) . . . . .                | 1,690,237      |              |
| Current portion of long-term debt . . . . .            | <u>664,887</u> | \$19,078,021 |

|                                   |                     |
|-----------------------------------|---------------------|
| LONG-TERM DEBT (note 8) . . . . . | <u>22,750,438</u>   |
|                                   | <u>\$41,828,459</u> |

## shareholders' equity

### CAPITAL STOCK (Note 9)

|                                       |               |
|---------------------------------------|---------------|
| Issued and fully paid —               |               |
| 30,000 5% preference shares . . . . . | \$ 3,000,000  |
| 300,000 Class A shares . . . . .      | 200,000       |
| 5,400,000 common shares . . . . .     | 100,000       |
| Issued and partly paid —              |               |
| 60,000 common shares . . . . .        | <u>20,000</u> |
|                                       | 3,320,000     |

|   |            |
|---|------------|
| CONTRIBUTED SURPLUS (note 10) . . . . . | 13,155,461 |
|---|------------|

|   |         |
|---|---------|
| EXCESS OF APPRAISED VALUE OF FIXED ASSETS OVER COST . . . . . | 460,563 |
|---|---------|

|                             |            |
|-----------------------------|------------|
| RETAINED EARNINGS . . . . . | 31,025,271 |
|-----------------------------|------------|

|  |                  |                     |
|--|------------------|---------------------|
| EXCESS OF BOOK VALUE OVER COST OF SUBSIDIARIES (note 11) . . . . . | <u>1,816,055</u> | 49,777,350          |
|  |                  | <u>\$91,605,809</u> |

# Atlantic Sugar Refineries Co. Limited

## Statement of Retained Earnings

for the Year Ended December 31, 1967

|   |              |                     |
|---|--------------|---------------------|
| BALANCE — DECEMBER 31, 1966 . . . . .                                       |              | \$26,547,276        |
| Net earnings for the year . . . . .   | \$ 6,652,995 |                     |
| Transfer from contributed surplus (note 10) . . . . .                       | 735,000      |                     |
| Transfer from reserve for investments and contingencies (note 12) . . . . . | 300,000      | 7,687,995           |
|   |              | <u>34,235,271</u>   |
| Dividends —   |              |                     |
| 5% preference shares . . . . .  | 150,000      |                     |
| Class A shares . . . . .  | 360,000      |                     |
| Common shares . . . . .   | 2,700,000    | 3,210,000           |
|   |              | <u>\$31,025,271</u> |
| BALANCE — DECEMBER 31, 1967 . . . . .                                       |              |                     |

## Statement of Earnings

for the Year Ended December 31, 1967

|   |            |                     |
|---|------------|---------------------|
| OPERATING PROFIT BEFORE THE FOLLOWING ITEMS . . . . .         |            | \$ 9,354,796        |
| Interest and rental income from subsidiary companies. . . . . | \$ 488,636 |                     |
| Income from investments. . . . .                              | 354,854    |                     |
| Miscellaneous income . . . . .                                | 181,708    |                     |
| Profit on redemption of bonds. . . . .                        | 29,247     | 1,054,445           |
|   |            | <u>10,409,241</u>   |
| Provision for depreciation . . . . .                          | 923,925    |                     |
| Bond interest . . . . .                                       | 776,970    | 1,700,895           |
|   |            | <u>8,708,346</u>    |
| PROVISION FOR INCOME TAXES . . . . .                          |            | 2,135,000           |
| NET EARNINGS BEFORE GAIN ON SALE OF INVESTMENTS . . . . .     |            | 6,573,346           |
| GAIN ON SALE OF INVESTMENTS . . . . .                         |            | 79,649              |
| NET EARNINGS FOR THE YEAR . . . . .                           |            | <u>\$ 6,652,995</u> |

# Atlantic Sugar Refineries Co. Limited and Subsidiaries

## Consolidated Statement of Source and Use of Funds

For the Year Ended December 31, 1967

|   |              |                     |
|---|--------------|---------------------|
| SOURCE OF FUNDS   |              |                     |
| Net earnings for the year . . . . .   | \$ 6,652,995 |                     |
| Provision for depreciation . . . . .  | 923,925      |                     |
| Long-term borrowings . . . . .  | 3,110,991    |                     |
| Proceeds from issue of capital stock . . . . .  | 20,000       | \$10,707,911        |
| USE OF FUNDS  |              |                     |
| Net additions to fixed assets . . . . .   | 5,774,463    |                     |
| Dividends . . . . .   | 3,210,000    |                     |
| Bonds redeemed . . . . .  | 1,087,703    |                     |
| Investment in capital stock of subsidiaries . . . . .   | 1,888,628    |                     |
| Deferred preoperating and start-up expenses —   |              |                     |
| Fish operations . . . . .   | 2,940,699    |                     |
| Pulp operations . . . . .   | 1,832,107    | 16,733,600          |
|   |              | <u>\$ 6,025,689</u> |
| DECREASE IN WORKING CAPITAL . . . . .   |              |                     |
| WORKING CAPITAL — BEGINNING OF YEAR. . . . .  |              | \$ 9,063,903        |
| Reduction resulting from reclassification of notes receivable and current portion of long-term debt . . . . . |              | 1,776,035           |
| Adjusted working capital — beginning of year. . . . .   |              | 7,287,868           |
| Decrease in working capital. . . . .  |              | 6,025,689           |
| WORKING CAPITAL — END OF YEAR . . . . .   |              | <u>\$ 1,262,179</u> |

# Atlantic Sugar Refineries Co. Limited and Subsidiaries

## Notes to Consolidated Financial Statements

for the Year Ended December 31, 1967

1. **COMPARISON WITH PREVIOUS YEAR** — Financial statements for the year 1966 have not been included. Because of the inclusion of subsidiaries in 1967 as outlined in note 2, comparison of the financial statements for 1967 and 1966 as a whole would not be meaningful.
2. **BASIS OF CONSOLIDATION** — The consolidated balance sheet includes the assets and liabilities of the following wholly-owned subsidiaries:

|                                       |                                  |
|---------------------------------------|----------------------------------|
| Canadian Tuna Company (1965) Limited  | Canadian Tuna (U.S.) Corporation |
| Atlantic Fish Processors Co. Ltd.     | Canadian Tuna Fishing Limited    |
| Atlantic Deep-Sea Fishing Co. Ltd.    | Acadia Pulp and Paper Limited    |
| Acadia-Atlantic Sugar Company Limited | South Nelson Shipping Ltd.       |

The consolidated balance sheet also includes the assets and liabilities of Acadia Pulp and Paper Limited. This latter company is owned 98% by Atlantic Sugar Refineries Co. Limited and the minority interest of 2% has not been so reflected in the balance sheets because it is considered insignificant in relation to the equity of the company.

The statements of earnings and retained earnings do not include the operations of the newly formed or newly acquired subsidiaries as such subsidiaries are in the preoperating and start-up stage.

3. **NOTES RECEIVABLE** — This represents \$1,300,000 face value of Atlantic Acceptance Corporation Limited secured notes at a cost of \$1,274,586 less a provision of \$200,000 for anticipated loss.

### 4. FIXED ASSETS

- (1) Fixed assets are classified as follows:

|   | Cost                | Accumulated depreciation | Net                 |
|---|---------------------|--------------------------|---------------------|
| Land . . . . .  | \$ 1,108,986        |                          | \$ 1,108,986        |
| Buildings . . . . .   | 14,302,030          | \$ 3,602,592             | 10,699,438          |
| Ships . . . . .   | 26,436,198          | 106,236                  | 26,329,962          |
| Timber limits . . . . .   | 732,783             | 60,184                   | 672,599             |
| Machinery, equipment, automobiles, furniture and fixtures . . . . . | 32,769,298          | 5,003,273                | 27,766,025          |
|   | <u>\$75,349,295</u> | <u>\$ 8,772,285</u>      | <u>\$66,577,010</u> |

- (2) The Saint John sugar refinery is carried at values as appraised by Stone & Webster Engineering Corporation as at September 30, 1954 and the Dartmouth property at values as appraised by Canadian Appraisal Company Limited as at October 7, 1939 with subsequent additions at cost, less retirements. All other fixed assets are carried at cost.
- (3) Subsidies paid or payable by the Federal government in the amount of \$12,179,681 in connection with the construction of ships, previously allocated to the cost, have been reclassified as contributed surplus.
- (4) A grant of \$975,780 applied for in connection with the construction of plant has been allocated to contributed surplus.
- (4) Fixed assets of Acadia Pulp and Paper Limited include machinery and equipment at a cost of approximately \$290,000 which was found defective and has been replaced. In this connection, the company has instituted legal action against certain engineers and suppliers for the cost of defective machinery and equipment and for loss of profits.
- (5) No provision has been made for depreciation of fixed assets of the subsidiaries as they are in the preoperating and start-up stage.
5. **DEFERRED PREOPERATING AND START-UP EXPENSES** — All of the fish subsidiaries are in the preoperating and start-up stage. Expenses relating thereto have accordingly been deferred. The remaining subsidiary, Acadia Pulp and Paper Limited, is likewise in the preoperating and start-up stage. Expenses relating thereto have been charged to capital surplus arising from reorganization.
6. **BANK ADVANCES** — Accounts receivable and inventories of subsidiaries amounting to \$1,588,867 and \$3,999,825 respectively have been pledged as security for bank advances to the subsidiaries amounting to \$4,457,179.
7. **INCOME TAXES** — Provision for income taxes for the year was based upon a claim of maximum depreciation allowances under income tax regulations on all fixed assets of Atlantic Sugar Refineries Co. Limited. Such claim exceeded the depreciation provided in the accounts by \$4,508,000 with a resultant reduction of \$2,344,000 in income taxes otherwise payable for the year. The accumulated excess of depreciation claimed over that provided in the accounts amounted to \$12,422,000 and the accumulated tax reductions to \$6,353,000 over the years 1962 to 1967 inclusive.
8. **LONG-TERM DEBT** — Long-term debt is classified as follows:

|  | Total outstanding   | Portion due within one year |
|--|---------------------|-----------------------------|
| Sinking fund bonds —   |                     |                             |
| Series A 4% maturing in 1974 . . . . .   | \$ 4,374,500        | \$ 174,500                  |
| Series A 6% maturing in 1984 . . . . .   | 5,650,000           |                             |
| Series B 5% maturing in 1985 (U.S. \$9,400,000) . . . . .                        | 10,072,060          | 321,449                     |
| 7% First Mortgage bonds maturing in semi-annual instalments until 1987 . . . . . | 1,533,860           | 37,618                      |
| 6% First Mortgage maturing quarterly until 1982 . . . . .                        | 1,409,005           | 48,720                      |
| 5% and 6% notes payable . . . . .  | 375,900             | 82,600                      |
|  | <u>23,415,325</u>   | <u>\$ 664,887</u>           |
| Less: Portion due within one year . . . . .                                      | 664,887             |                             |
|  | <u>\$22,750,438</u> |                             |

(Note 8. continued on the following page.)

# Notes to Consolidated Financial Statements (continued)

for the Year Ended December 31, 1967

## 8. LONG-TERM DEBT — continued

The company proposes to create forthwith U.S. \$9,400,000 principal amount 6% sinking fund bonds Series C and to exchange same for the presently outstanding U.S. \$9,400,000 principal amount 5½% sinking fund bonds Series B.

The company further proposes to create and issue \$2,600,000 principal amount secured sinking fund debentures and to borrow from the Government of Newfoundland approximately \$1,500,000 on the security of a first mortgage on four trawlers owned by the company.

## 9. CAPITAL STOCK

(1) The authorized capital stock is as follows:

75,000 5% cumulative redeemable preference shares of \$100 par value (redeemable at \$105)

600,000 Class A \$1.20 cumulative preference shares without par value

9,000,000 common shares without par value.

During the year the authorized capital of the company was increased by the creation of 2,400,000 additional common shares without par value.

(2) In addition to 5,400,000 common shares issued and fully paid, 60,000 authorized common shares were issued and sold to a former officer of the company on April 21, 1966 at \$9.33⅓ each, payable not later than April 21, 1971. Such shares are held in trust and do not qualify for dividends until paid for in full.

(3) The company proposes to issue and sell for a net consideration of approximately \$5,400,000 after commission, 45,000 5% cumulative redeemable preference shares of \$100 par value, 135,000 Class A shares without par value and share purchase warrants with respect to 450,000 common shares.

10. CONTRIBUTED SURPLUS — The balance of \$735,000 as at December 31, 1966 has been transferred to retained earnings. The balance of \$13,155,461 as at December 31, 1967 is described in note 4 (3).

11. EXCESS OF BOOK VALUE OVER COST OF SUBSIDIARIES — This is composed principally of the original excess of book value over cost of the investment in Acadian Pulp and Paper Limited in September 1967 at which time an additional 47% of the capital stock of that company was acquired, bringing the total holdings to 98%. The original excess of \$2,661,559 has subsequently been reduced by preoperating and start-up expenses of that company amounting to \$845,504 from that date to December 31, 1967.

12. RESERVE FOR INVESTMENTS AND CONTINGENCIES — The reserve of \$500,000 was eliminated during the year by allocation of \$200,000 as provision for anticipated loss on short-term notes receivable and of the balance of \$300,000 to retained earnings.

## 13. CONTINGENT LIABILITY AND COMMITMENTS —

(1) A claim amounting to approximately \$300,000 has been made against Acadia Pulp and Paper Limited in connection with fire damage. The claim is under arbitration and the company considers that the liability, if any, is covered by insurance.

(2) One of the subsidiary companies has agreed to enter into a long-term lease, effective June, 1967, of the plant which it occupies at Marystown, Newfoundland, which lease will provide for a rental of \$1 per annum for the first three years and a rental of approximately \$1,050,000 per annum for a further twenty-two years.

(3) The company occupies leased premises in Montreal under a lease dated April 1, 1962 and expiring March 31, 1992, at a rental of approximately \$36,000 per annum.

14. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS — The direct remuneration paid by the company during the year to the directors and senior officers amounted to \$302,116.

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Atlantic Sugar Refineries Co. Limited and subsidiaries as at December 31, 1967 and the consolidated statement of source and use of funds for the year then ended. We have also examined the unconsolidated statements of earnings and retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the consolidated balance sheet and the consolidated statement of source and use of funds present fairly the financial position of the companies as at December 31, 1967 and the source and use of their funds for the year then ended. In our opinion the statements of earnings and retained earnings present fairly the results of operations of Atlantic Sugar Refineries Co. Limited for the year then ended. These financial statements have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the treatment of subsidies referred to in note 4 (3).

March 18, 1968

McDONALD, CURRIE & CO.  
Chartered Accountants

## **list of companies**

(AS OF MARCH 1968)

### **ATLANTIC SUGAR REFINERIES CO. LIMITED**

#### **SUBSIDIARIES**

ATLANTIC FISH PROCESSORS CO. LTD.  
ATLANTIC DEEP-SEA FISHING CO. LTD.  
CANADIAN TUNA COMPANY (1965) LIMITED  
CANADIAN TUNA FISHING LIMITED  
CANADIAN TUNA (U.S.) CORPORATION  
OCEAN MAID FOODS LIMITED  
OCEAN MAID FOODS, INC.

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ACADIA PULP AND PAPER LIMITED  
SOUTH NELSON SHIPPING LTD.

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WOODSIDE REALTIES LIMITED  
ACADIA-ATLANTIC SUGAR COMPANY LIMITED





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ATLANTIC  
SUGAR  
REFINERIES  
CO. LIMITED

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SEMI-ANNUAL

REPORT

30 JUNE 1967

## ATLANTIC SUGAR REFINERIES CO. LIMITED

Interim Report to Shareholders  
for the six months ended June 30, 1967

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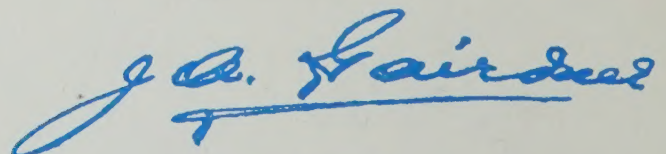
To the Shareholders:

Sugar sales and profits therefrom have been maintained at a most satisfactory level for the first six months of 1967. Competition continues keen; however, for the full year 1967, sugar earnings should increase appreciably over 1966.

Our New Brunswick tuna operation and the Newfoundland ground fish operation are now in limited production; neither is yet at full capacity due to late delivery of fishing vessels. The Acadia Pulp mill is now producing a high quality product. Unfortunately world demand and price for ground-wood pulp are at temporarily reduced levels.

It is always difficult to accurately forecast earnings for businesses trading in highly volatile commodities; however present indications are for a most satisfactory 1967 for your Company.

For the convenience of our shareholders residing in the province of Alberta, the Company now maintains stock transfer facilities at the offices of Montreal Trust Company, Calgary, Alberta.



Chairman

August 29, 1967

# ATLANTIC SUGAR REFINERIES CO. LIMITED

## Statement of Earnings for the six months ended June 30th, 1967 (unaudited and subject to year end adjustments)

|  | 1967             | 1966             |
|--|------------------|------------------|
| Sales .....  | \$17,533,938     | \$17,416,875     |
| Cost of sales and selling,<br>distribution and general<br>expenses ..... | 13,372,902       | 13,803,120       |
| Operating profit .....   | 4,161,036        | 3,613,755        |
| Other income before the<br>following items .....                         | 442,175          | 577,953          |
|  | <u>4,603,211</u> | <u>4,191,708</u> |
| Provision for depreciation ....  | 409,000          | 401,750          |
| Bond interest .....  | 365,790          | 377,416          |
| Net profit for the period .....  | 3,828,421        | 3,412,542        |
| Provision for income taxes ....  | 935,700          | 1,207,000        |
|  | <u>2,892,721</u> | <u>2,205,542</u> |
| Gain on sales of investments   | 66,658           | 291,249          |
| Net earnings for the period ....   | <u>2,959,379</u> | <u>2,496,791</u> |
| Earnings per share .....   | 50¢              | 42¢              |

## Statement of Source and Application of Funds for the six months ended 30th, 1967 (unaudited and subject to year end adjustments)

|  | 1967             | 1966             |
|--|------------------|------------------|
| <b>Source of Funds</b>                               |                  |                  |
| Net earnings for the period                          | \$2,959,379      | \$2,496,791      |
| Provision for depreciation ....                      | 409,000          | 401,750          |
| Proceeds from ship mortgages                         | 1,551,600        | —                |
|  | <u>4,919,979</u> | <u>2,898,541</u> |
| <b>Application of Funds</b>                          |                  |                  |
| Net addition to fixed assets                         | 562,805          | 169,452          |
| Dividends (see note) .....                           | 2,407,500        | 2,137,500        |
| Bonds redeemed .....                                 | 453,449          | 441,449          |
| Investments in and advances<br>to subsidiaries ..... | 4,770,914        | 5,260,001        |
|  | <u>8,194,668</u> | <u>8,008,402</u> |
| Decrease in net working<br>capital .....             | 3,274,689        | 5,109,861        |
|  | <u>4,919,979</u> | <u>2,898,541</u> |

### NOTES:

During the six months three quarterly dividends were declared and recorded in the books of the company.

We have not consolidated operations of subsidiaries because full production facilities are not yet complete.

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